

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 1, 2019

TO: Honorable James B. Frank, Chair, House Committee on Human Services

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB3157 by Raymond (Relating to the duties of the Health and Human Services Commission's office of inspector general.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3157, As Introduced: a negative impact of (\$2,394,878) through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$1,197,439)
2021	(\$1,197,439)
2022	(\$1,197,439)
2023	(\$1,197,439)
2024	(\$1,197,439)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund
	1
2020	(\$1,197,439)
2021	(\$1,197,439)
2022	(\$1,197,439)
2023	(\$1,197,439)
2024	(\$1,197,439)

Fiscal Analysis

The bill would amend Chapter 531 of the Government Code to remove language requiring the Health and Human Services Commission (HHSC) Office of the Inspector General (OIG) to consult with HHSC in setting objective, priorities, and performance standards for the office, and removes language requiring those objectives, priorities, and performance standards to emphasize cases that have the greatest potential for recovery of money. The bill would require OIG to notify a provider, and the managed care organization (MCO) with which the provider is under contract, of the criteria OIG intends to use if the OIG intends to conduct a utilization review of the provider, prohibit OIG from recouping overpayments from a provider based on a determination of lack of medical necessity unless OIG used the same criteria and guidelines used by the MCO in its determination of medical necessity, and require OIG to show that, at the time of the delivery of services, the provider had reasonable notice of the MCOs medical necessity criteria and guidelines and failed to follow the guidelines before recouping overpayments. The bill would take effect September 1, 2019.

Methodology

According to HHSC, changes made by the bill to investigative priorities would require significant additional staff and resources. However, this analysis assumes that the bill would not result in a significant increase in required investigations but would instead require OIG to reallocate existing resources from certain cases with a greater potential for recovery of money to cases with the strongest supportive evidence.

According to HHSC, there would be a loss of revenue from the changes to investigative priorities and to the additional criteria that must be met to recoup overpayments through utilization reviews. This analysis assumes a revenue loss of \$1,197,439 in General Revenue in each fiscal year.

According to HSHC, the Department of Family and Protective Services (DFPS) and the Department of State Health Services (DSHS) would have a cost associated with the Public Assistance Cost Allocation Plan. It is assumed these costs could be absorbed within DFPS's and DSHS's existing resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: WP, AKi, EP, MDI